

Q4

2009



City of Hollister Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (Oct-Dec 2009)

Hollister In Brief

Receipts for Hollister's October through December sales were 5.1% lower than the same quarter one year ago. Actual sales activity was down 3.9% when reporting aberrations were factored out.

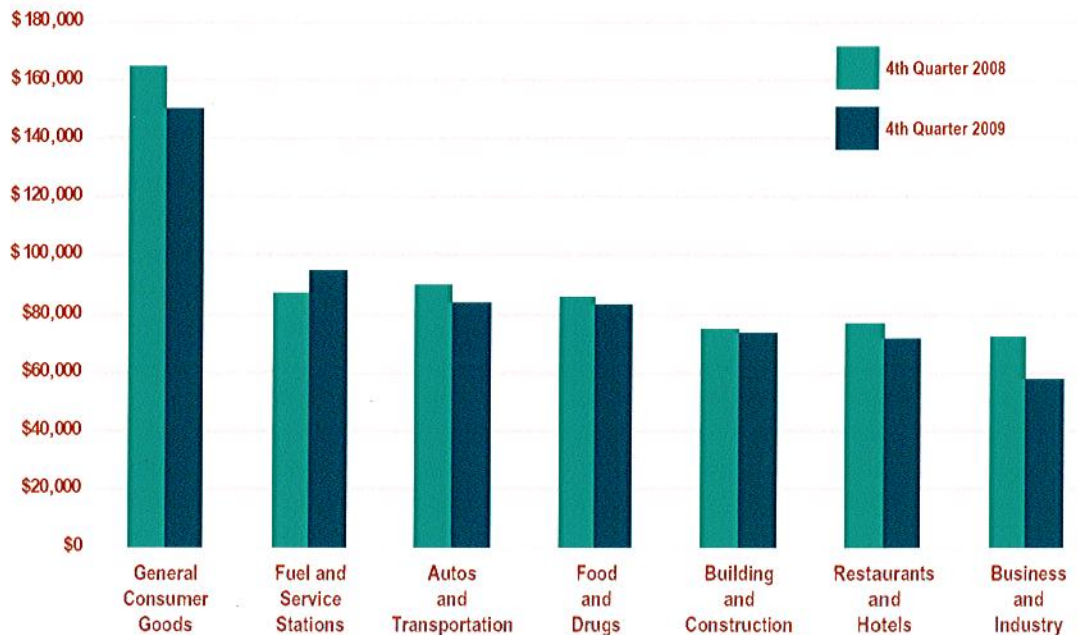
The city experienced a decline in sales from lumber/building materials, light industrial/printers, boats/motorcycles, and restaurants with beer/wine. Previous business closures reduced receipts from garden/agricultural supplies and electronics/appliance stores. Double payments in the comparison quarter exaggerated the decline from grocery stores with beer/wine.

The losses were partially offset by a strong sales quarter for service stations and some categories of the Business & Industry sector. Accounting adjustments in the year ago period inflated the increase from contractor supplies.

Measure "T" the city's one-cent transactions tax generated an additional \$747,784 in revenue for the quarter.

Adjusted for aberrations, taxable sales for all of San Benito County declined 5.1% over the comparable period while the Central Coast region as a whole was down 6.0%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Ace Hardware & Lumber	Nash Road Mini Mart
Atec Systems	Nob Hill General Store
Beacon Food Mart & Liquor	Quik Stop Markets
Car Lot	Ranch Gas & Food
Ciminos Cabinet Doors	Rite Aid
Crop Production Services	Safeway
Greenwood Chevrolet	Safeway Gasoline Sales
Hollister Honda	Save Mart Supermarkets
Hollister Super One	Staples
K Mart	Target
McDonalds	Tiffany Ford Lincoln Mercury
McKinnon Lumber	Verizon Wireless
Milgard Manufacturing	

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2008-09	2009-10
Point-of-Sale	\$2,219,803	\$1,863,888
County Pool	269,515	246,060
State Pool	941	1,845
Gross Receipts	\$2,490,259	\$2,111,793
Less Triple Flip*	\$(622,565)	\$(527,948)
Gross Trans. Tax	\$2,362,522	\$2,230,959

**Reimbursed from county compensation fund*

California Overall

Local allocations for sales occurring October through December were 6.7% lower than last year's holiday quarter after adjusting for accounting aberrations.

All regions experienced declines. The largest reductions were in building and construction materials and business equipment and supplies. Shoppers generally favored discount stores and value-oriented apparel to traditional department stores and specialty shops. However, a few high end chains also posted gains. A rise in new car sales was offset by declining revenues from auto leases and continuing drops in sales of RVs, boats and motorcycles. The quarter's largest statewide increases were from value oriented family apparel and from rising service station prices.

Short Term Recovery Projected

Most economists and trade analysts are cautiously optimistic that there will be recovery over the next two or three quarters. Stabilization of home prices and the recovering stock market have made the still employed more confident about making purchases that were avoided during the bottom of the recession. Lower prices have also stretched the discretionary income available to make those purchases.

They see banks beginning to lend again while the restocking of depleted inventories is stimulating industrial production. Other factors adding to the optimism are increased demands for American exports, renewed spending on technology and software and a recent uptick in California's entertainment industry.

The Budget Conundrum

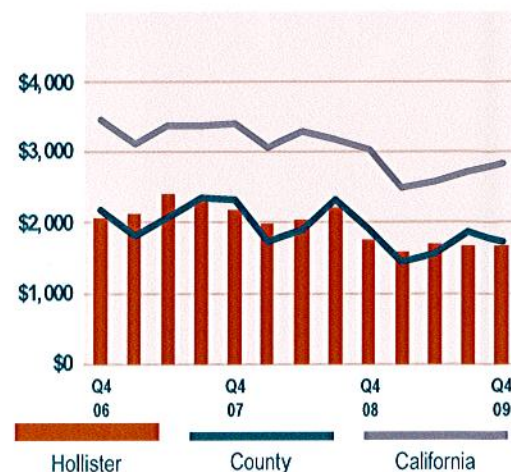
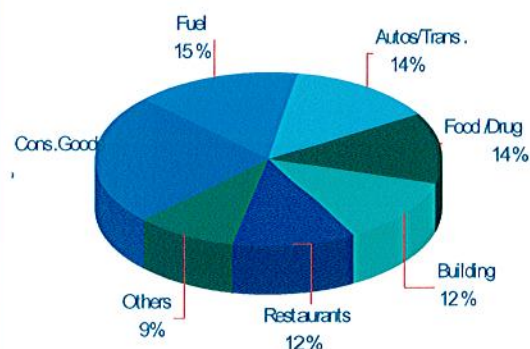
There is general agreement that the current recovery is fragile and that California will trail the nation. However, there is sharp disagreement on its durability. Most analysts believe that as long as the current demand for exports continues, the other previously cited factors will sustain a slow recovery.

Others argue that a second dip in the recession is likely. They maintain that the current recovery is a "bubble" created by unsustainable tax cuts, federal stimulus spending, low interest loans and modification programs that mask and only delay inevitable foreclosures. Further, the pending resetting of large numbers of adjustable rate home mortgages and need to refinance \$500 billion in commercial loans is being ignored. Until we suffer the consequences from those losses they say, the end of federal bailouts will simply send us back into a recession. Both sides express concerns about the sufficiency of future job opportunities.

Recovery and Sales Tax

It will be slow, spotty and uncertain. Gains from value priced consumer goods, technology, medical focused industries and higher fuel prices are expected. The increase from incentive driven car sales should continue for another quarter or two.

The outlook for a recovery from building and construction materials remains pessimistic while restaurants and other categories are expected to be flat or decline further.

SALES PER CAPITA**REVENUE BY BUSINESS GROUP**
Hollister This Quarter**HOLLISTER TOP 15 BUSINESS TYPES**

Business Type	Hollister		County	HdL State
	Q4 '09	Change	Change	Change
Discount Dept Stores	— CONFIDENTIAL —		-0.1%	1.8%
Service Stations	94,550	8.6%	15.4%	7.0%
Grocery Stores Liquor	52,653	-3.5%	-3.7%	2.1%
Restaurants No Alcohol	47,001	3.9%	2.4%	-2.3%
Contractors	36,564	46.9%	-10.5%	-23.0%
New Motor Vehicle Dealers	— CONFIDENTIAL —		-1.1%	1.0%
Lumber/Building Materials	29,277	-16.6%	-12.5%	-0.5%
Restaurants Beer And Wine	19,821	-9.8%	-12.5%	-10.9%
Automotive Supply Stores	16,713	-8.7%	-5.1%	-1.6%
Garden/Agricultural Supplies	13,744	-13.7%	-21.9%	-7.7%
Package Liquor Stores	13,564	15.6%	15.6%	-0.5%
Electronics/Appliance Stores	11,949	-49.9%	-49.9%	-2.6%
Boats/Motorcycles	10,723	-14.8%	-15.6%	-21.6%
Drug Stores	10,090	-0.3%	-0.3%	-1.0%
Used Automotive Dealers	8,886	7.6%	-20.4%	-1.4%
Total All Accounts	\$614,634	-5.7%	-8.1%	-5.9%
County & State Pool Allocation	75,897	0.8%		
Gross Receipts	\$690,531	-5.1%		